

EXHIBIT 24



Research Analyst Qualification Exam (Series 86 / 87)

Content Outline

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Introduction

This content outline is a guide to the topics covered in the Research Analyst Qualification Examination (Series 86/87). This outline is intended to familiarize exam candidates with the range of subjects covered by the exam. The Series 86/87 exam is intended to ensure that research analysts are competent to perform their jobs. In light of this stated purpose, the Series 86/87 exam is designed to measure the knowledge, skills and abilities associated with the critical job functions of a research analyst.

A job analysis study was conducted to ensure a representative relationship between the contents of the exam and the job performed by research analysts. A group of research analysts and professionals who supervise research analysts identified and described four critical job functions.

The content outline delineates the four critical job functions of the research analyst, the tasks that are associated with the four critical functions, and the knowledge and skills that are necessary to perform the tasks. In addition, the content outline delineates federal and industry rules and regulations that are associated with the work of a research analyst. The content outline serves as a guide to the topics that are covered on the Research Analyst exam. It is recommended that candidates review the content outline prior to taking the exam.

Individuals Required to Complete the Exam

As required by NYSE Rule 344 and NASD Rule 1050, research analysts must be registered with, qualified by, and approved by the Exchange and/or NASD. The Series 86/87 will serve as the qualification exam under NYSE Rule 344 and NASD Rule 1050.

As the term is defined in NYSE Rule 344.10, “research analyst” includes a member or employee who is primarily responsible for the preparation of the substance of a research report and/or whose name appears on such report. For purposes of NASD Rule 1050, a “research analyst” shall mean an associated person who is primarily responsible for the preparation of the substance of a research report or whose name appears on a research report.

Exam Organization

The qualification exam consists of two parts:

Part I (Series 86) – Analysis: This part of the examination consists of 100 multiple-choice items addressing primarily fundamental analysis and valuation of equity securities. This part of the exam covers the first two critical job functions in the content outline:

- 1) Information and Data Collection
- 2) Analysis, Modeling, and Valuation

Part II (Series 87) – Regulatory Administration and Best Practices: This part of the exam consists of 50 multiple-choice items addressing relevant federal and industry rules and regulations, including NYSE Rules, NASD Rules, the Securities Act of 1933 and the Securities Exchange Act of 1934. This part of the exam covers the last two critical job functions in the content outline:

- 3) Preparation of Research Reports

4) Dissemination of Information

Candidates are allotted 270 minutes to complete Part I (Series 86) and 105 minutes to complete Part II (Series 87).

The following indicates the number of exam items that are allocated to each component of the exam.

Number of Items that Appear on the Exam

PART I: SERIES 86 – ANALYSIS

1) Information and Data Collection	10
2) Analysis, Modeling, and Valuation	90

PART II: SERIES 87 – REGULATORY ADMINISTRATION AND BEST PRACTICES

3) Preparation of Research Reports	32
4) Dissemination of Information	18

TOTAL	150
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Each candidate's exam will include additional, unidentified pretest items that do not contribute toward the candidate's score. The Series 86 will include 10 pretest items and the Series 87 will include 5 pretest items. Therefore, each candidate's exam consists of a total of 165 items (150 scored and 15 unscored).

Eligibility Requirements

The Series 7 (General Securities Registered Representative exam) is a pre-requisite for taking the Series 86/87. The Series 17, 37 or 38, if applicable, also may satisfy the pre-requisite in lieu of the Series 7. The candidate must pass the Series 7, 17, 37 or 38 prior to taking either Part I or Part II of the Series 86/87.

Following candidates may request an exemption from Part I (Series 86), the Analysis section of the Research Analyst Qualification Exam:

- A candidate who has passed both **Level I and Level II of the Chartered Financial Analyst (CFA) Exam** may request an exemption from Part I (Series 86), the Analysis section of the Research Analyst Qualification Exam.

The CFA exam is administered by the CFA Institute. To be eligible for the exemption, an applicant must not only have passed Levels I and II of the CFA exam, but also must either (1) have functioned continuously as a research analyst since having passed CFA Level II or (2) have passed CFA Level II within two years of application for registration as a research analyst. Applicants who do not meet these criteria may, based upon previous related employment/experience, make written request to FINRA for a waiver. Applicants who receive an exemption or waiver from Series 86 still must satisfy the Series 7, 17, 37 or 38 prerequisite and pass the Series 87 before becoming qualified as a research analyst.

- A technical research analyst who has passed both *Level I and Level II of the Chartered Market Technician (CMT) Certification Exam* may request an exemption from Part I (Series 86), the Analysis section of the Research Analyst Qualification Exam.

The CMT exam is administered by the Market Technicians Association (MTA). To be eligible for the exemption, an applicant must have passed Levels I and II of the CMT Certification Exam and must either (1) have functioned continuously as a research analyst since having passed Level II of the CMT Certification Exam, or (2) have passed Level II of the CMT Certification Exam within two years of application for registration as a research analyst.

For the purposes of this exemption, a “technical research report” is a research report (as that term is defined in FINRA Rule 2241 that is based solely on stock price movement and trading volume and not on the subject company’s financial information, business prospects, contact with the subject company’s management, or the valuation of the subject company’s securities. The exemption is available only to research analysts who exclusively prepare technical research reports. An associated person who prepares any research report or whose name appears on a research report that does not meet this definition of a “technical research report” would be required to pass the Series 86 or qualify for another exemption or waiver. Applicants who receive an exemption or waiver from Series 86 still must satisfy the Series 7, 17, 37 or 38 prerequisite and pass the Series 87 before becoming qualified as a research analyst.

Application Procedures

The member or member organization that employs the candidate must file a Form U4, Uniform Application for Securities Industry Registration or Transfer (Form U4), with the Central Registration Depository.

Exam Scheduling and Administration

For operational and delivery purposes, the Series 86/87 will be administered as two separate exams: **Series 86 for Part I and Series 87 for Part II.**

Candidates should schedule their exams at a Prometric Testing Center or a Pearson Professional Testing Center. Candidates are reminded that they must first pass the Series 7, 17, 37 or 38 before taking the Series 86 or 87.

Candidates may wish to schedule both exams for the same day or take them on different days during the enrollment period.

Since multiple forms of the exam will be administered, the passing score will fluctuate moderately from exam to exam.

Any candidate who fails either part of the exam three times must wait 180 days before again taking the exam.

Qualification Designation

A candidate will be registered and qualified as a Research Analyst after passing the Series 7 (or

Series 17, 37 or 38), Series 86 **and** Series 87 (or the Series 87 only, if the candidate is exempt from Part I – Series 86).

If the candidate fails, he or she must only retake the part failed. A new Page 1 of the Form U4 must be submitted by the member or member organization to request another test administration.

CONTENT OUTLINE

1. INFORMATION AND DATA COLLECTION: The research analyst collects information and data from various sources to learn about the economy, the industry sector and the individual companies that he/she covers.

1.1. Gather macroeconomic data which may include any or all of the following:

- 1.1.1. Economic indicators, market forces, monetary policy, and government statistics (e.g., consumer confidence, disposable income, unemployment rates, inflation and interest rates, and gross domestic product).
- 1.1.2. Short- and long-term trends in the economy, demographic information, domestic and international issues.

1.2. Gather information about the industry sector to identify the industry's market size, cyclical nature, capital intensity, growth rate, product pricing flexibility, products offered, supply curve, potential entry and exit of competing companies and/or products, customer demand, supplier dynamics, and regulatory issues.

- 1.2.1. Attend industry conferences, seminars and trade shows.
- 1.2.2. Gather information and data about the industry sector by reading industry/trade literature (trade magazines and journals) and using industry-specific databases.
- 1.2.3. Develop contacts with individuals within the industry sector (e.g., suppliers, vendors, buyers, industry associates, competitors, industry expert/consultants, and other analysts).
- 1.2.4. Obtain information about regulatory impacts on the industry sector.
- 1.2.5. Obtain information about competitors in the industry and/or peripheral industries.
- 1.2.6. Obtain supplemental information (e.g., by conducting telephone and/or written/web-based surveys of the industry).

1.3. Gather information about individual companies to understand the company's financial status, structure, supply chain, costs of production, sources of revenue, sources of economic growth, risk tolerance, quality of management, new product development, business plan, and how the business plan will be implemented.

- 1.3.1. Compile financial statements published by the subject companies (i.e., 10Ks, 10Qs - income statement, balance sheet, and statement of sources and uses of cash).
- 1.3.2. Meet with various levels of the company's management (e.g., the CEO, CFO, COO, Board of Directors, middle/junior management), as applicable.
- 1.3.3. Meet with the company's investor relations staff and corporate communications.
- 1.3.4. Visit key facilities, and meet operating management, salespeople, production/plant employees, and customers, as applicable.

1.4. Assess the relevance and importance of the information gathered to identify the drivers that influence the performance of the industry and/or the subject company.

2. ANALYSIS, MODELING, AND VALUATION: The research analyst analyzes the industry sector's key drivers as well as the individual companies that he/she covers to develop a forecast of the industry sector, make projections about the subject company, and determine the valuation of the company's stock.
(Research analysts use metrics that are appropriate for their industry sector. The types of measurements used for modeling and valuation differ from sector to sector.)

2.1. Conduct analysis of the data obtained about industry sector, competition within the industry, and supply and demand in the industry sector:

- 2.1.1. Identify key economic drivers that impact the industry. Identification of key drivers may be supplemented and/or confirmed by conducting correlation studies of industry factors (e.g., using statistical techniques such as regression analysis).
- 2.1.2. Identify short- and long-term trends within the industry sector. Monitor industry trends (i.e., secular, overall, and cyclical) and relate those trends to valuation and absolute/relative stock performance.
- 2.1.3. Identify product demand and assess profitability (i.e., what creates demand, what creates competition, product prices, and what affects costs and profits?).
- 2.1.4. Study inter-relationships of companies within the industry sector by conducting comparative analyses between like companies.
- 2.1.5. Study inter-relationships of peripheral companies and sectors that may affect the industry.

- 2.1.6. Study inter-industry and intra-industry competition to determine how companies are positioned competitively in and out of their industry.
- 2.1.7. Evaluate the impact of corporate actions (e.g., divestitures, mergers and acquisitions) on the industry sector.
- 2.1.8. Identify and evaluate the potential impact of government and industry regulation, economic policy, monetary policy, and fiscal policy.
- 2.1.9. Make projections about the direction of the industry sector.

2.2. Conduct analysis of the data obtained about individual companies, including financial statement analysis:

- 2.2.1. Build and maintain/update a historical record of the company's financial performance.
 - 2.2.1.1. Look for short- and long-term trends within the historical record of the company to project future earnings and financial condition.
- 2.2.2. Conduct fundamental analysis based on the company's financial statements and supplemental information, including all footnotes.
 - 2.2.2.1. Understand the company's financial statements (e.g. income statements, cash flow statements, and balance sheets), and the inter-relationships of these statements, including relevant ratios or metrics (*see **Knowledge and Skills** section of this outline for examples).
 - 2.2.2.2. Consider factors that would influence a company's profits or growth prospects (e.g., quality of management, current capacity and capacity for growth, new ideas or strategies, product assessment, strength of business model).
 - 2.2.2.3. Evaluate the impact of corporate actions (e.g., mergers, acquisitions, restructurings, and divestitures) on individual companies.
 - 2.2.2.4. Review the company's accounting practices for methodology variances and/or conservatism versus industry peers (understand Generally Accepted Accounting Principles, and Financial Accounting Standards Board)
 - 2.2.2.5. Review of corporate governance, as detailed in proxy statements or other documents.

2.2.2.6. Consider the impact of industry drivers on companies.

2.2.3. Make projections about the earnings potential of a company, using qualitative and quantitative data.

2.2.3.1. Forecast key financial statements (e.g., income statement, cash flow statement, and balance sheet).

2.2.3.2. Perform due diligence to evaluate assumptions and support the theory based on the data that was analyzed.

2.2.3.3. Update/maintain/adjust financial models and projections on an ongoing basis.

2.3. Valuation of company's stock (i.e., assessing a company's stock price, its price relative to the market, and how it performs/trades relative to other peer companies).

2.3.1. Valuation methods may include any or all of the following ratios, including advantages and limitations of each ratio:

2.3.1.1. Price to earnings (P/E)

2.3.1.2. Discounted cash flow / Dividend discount method

2.3.1.3. Enterprise value (EV) to EBITDA

2.3.1.4. Enterprise value (EV) to sales

2.3.1.5. P/E to growth ratio

2.3.1.6. Price to book value (stated and tangible)

2.3.2. Valuation methods may apply knowledge or calculation of the following:

2.3.2.1. Cost of capital

2.3.2.2. Discounted cash flow

2.3.2.3. Dividend yield

2.3.2.4. Earnings yield

2.3.2.5. Economic profit

2.3.2.6. Free cash flow yield

2.3.2.7. P/E normalized earnings (for cyclical industries – mid-cycle or trend-line)

- 2.3.2.8. Price to free cash flow
- 2.3.2.9. Private equity value / Sum of the parts analysis

2.3.3. Draw conclusions about the data (qualitative and quantitative) collected and analyzed to decide if the company's stock is undervalued or overvalued (this is an iterative process).

2.4. Look for key investment criteria that may alter the price of a stock and identify patterns or events (macro, political, or company specific) that make stock prices move.

2.4.1. Study the general market direction and characteristics.

2.4.2. Assess risk – What factors could impact the perceived risk of an investment?

2.4.3. Review supplemental information (e.g., charts/data analyses prepared by technical analysts).

3. PREPARATION OF RESEARCH REPORTS: The research analyst prepares a variety of reports summarizing the research conducted on the industry sector or subject companies. A comprehensive statement or opinion based on the interpretation of the data collected and analyzed is developed. Drafts of the research report or notes are created.

3.1. Research reports adhere to the regulatory requirements and may include:

- 3.1.1. Certifications (e.g., by member firms, by analysts)
- 3.1.2. Disclosures (e.g., compensations, relationships with subject companies)
- 3.1.3. Firm's ownership, and trading capacity, of securities
- 3.1.4. Meanings of all ratings
- 3.1.5. Percentage of ratings issued by the firm
- 3.1.6. Price chart with historical information
- 3.1.7. Risk involved in investing

3.2. The research analyst prepares many types of reports that vary in length and depth. Any or all of the following may constitute research reports:

- 3.2.1. Initiation reports – coverage of companies not previously covered
- 3.2.2. Earnings analysis, earnings preview, and earnings review reports
- 3.2.3. In-depth fundamental "basic" reports
- 3.2.4. Topical reports on relevant issues or theme pieces
- 3.2.5. Reports announcing change of ratings, recommendations, or projected earnings
- 3.2.6. Reports announcing eliminating coverage of companies
- 3.2.7. Short notes and summaries of pertinent news

3.2.8. Industry reports

3.3. Reports are written with a conclusion followed by supporting evidence and analysis. Components of the report may include the following:

- 3.3.1. Business model analysis
- 3.3.2. Company overview
- 3.3.3. Competitive position
- 3.3.4. Dividend outlook
- 3.3.5. Financial position
- 3.3.6. Industry overview
- 3.3.7. Industry and company outlook (projection)
- 3.3.8. Investment thesis
- 3.3.9. Quality/quantity of earnings
- 3.3.10. Quality of management
- 3.3.11. Ratings or recommendations
- 3.3.12. Review of recently released financial data
- 3.3.13. Review of recent news
- 3.3.14. Risk of investment
- 3.3.15. Sensitivity of company costs and revenues
- 3.3.16. Valuation of company stock

3.4. Ensure that regulatory and compliance requirements are adhered to:

- 3.4.1. Ensure that proper disclosures (by the analyst and the firm) are included on reports and in oral dissemination of information.
- 3.4.2. Obtain appropriate approvals prior to disseminating reports or information.
 - 3.4.2.1. Review and approval of research by the supervisory analyst (Series 16 registered).
 - 3.4.2.2. Presentation of reports that contain changes of ratings, initiation of coverage, and termination of coverage to an internal review committee.
- 3.4.3. Comply with the restrictions on the issuance of research reports and participation in public appearances.
- 3.4.4. Comply with communications restrictions and disclosures.
- 3.4.5. Comply with compensation restrictions and disclosures.
- 3.4.6. Comply with trading restrictions (that apply to analysts and employees of the firm) associated with publishing research.

- 3.4.7. Comply with record keeping and document retention procedures.
- 3.4.8. Comply with any other rules or regulations defined by the Self Regulatory Organizations.

4. DISSEMINATION OF INFORMATION: The research analyst (Series 7 registered) presents the results of the analysis, orally and in writing, to various parties.

4.1. Present and discuss recommendations with the following individuals and/or groups:

- 4.1.1. Clients and any other buyers (i.e., buy-side analysts, portfolio managers, hedge fund managers, mutual fund managers, pension fund managers, money managers, etc.)
- 4.1.2. Institutional sales force
- 4.1.3. Retail sales force (registered representatives)
- 4.1.4. Trading department
- 4.1.5. Management of companies
- 4.1.6. Press and media

4.2. Meet with clients (e.g., one-on-one, group meetings).

4.3. Disseminates information via various means (e.g., telephone, blast voice mail, facsimile, email, firm's website, internal "squawk box," and external news information sources).

4.4. Respond to inquiries from clients and/or the public.

4.5. Obtain client feedback from the firm's institutional and retail sales force, and trading department. Discuss trends within the market.

KNOWLEDGE AND SKILLS:

- 1. Accounting, including a basic understanding of any or all of the following:
 - A. Asset turnover
 - B. Cash collection cycle (including receivables turnover, inventory turnover, and payables turnover)
 - C. Current ratio (working capital ratio)
 - D. Debt to capital ratio (total and long-term)
 - E. Debt to equity ratio (total and long-term)
 - F. Dividend payout ratio

- G. Earnings per share (EPS)
 - H. Earnings Before Interest and Taxes (EBIT) margin
 - I. Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) margin
 - J. Equity turnover
 - K. Gross profit margin
 - L. Interest coverage ratio
 - M. Inventory valuation (e.g., LIFO, FIFO)
 - N. Leases
 - O. Net profit margin
 - P. Pension liability accounting
 - Q. Pre-tax margin
 - R. Pro forma vs. GAAP reporting
 - S. Operating profit margin
 - T. Quick ratio (Acid test)
 - U. Return on assets
 - V. Return on equity
 - W. Return on invested capital
 - X. Tax accounting (including tax rate calculation and deferred tax accounting)
- 2. Ability to evaluate complex situations and to identify relevant factors for analysis
 - 3. Basic understanding of business (e.g., corporate structures and sources of capital)
 - 4. Economics (macro and micro)
 - 5. Finance (i.e., financial statements, financial analysis, and modeling)
 - 6. Equity valuation methods
 - 7. Industry specific knowledge and experience (specialty area)
 - 8. Quantitative skills, including knowledge of statistics and the ability to apply probability analysis to future outcomes

Knowledge of Rules, Regulations, and Information Memos:

Rules are subject to change

FINRA Rules:

Rule 1250 – *Continuing Education Requirements*

Rule 2020 – *Use of Manipulative, Deceptive, or Other Fraudulent Devices*

Rule 2210 – *Communications with the Public*

Rule 2220 – *Options Communications*

Rule 2241 – *Research Analysts and Research Reports*

Rule 2262 – *Disclosure of Control Relationship with Issuer*

Rule 2269 – *Disclosure of Participation or Interest in Primary or Secondary Distribution*

Rule 3110 – *Supervision*

Rule 3120 – *Supervisory Control Systems*

Rule 5121 – *Public Offerings of Securities with Conflicts of Interest*

Rule 5130 – *Restrictions on the Purchase and Sale of Initial Equity Public Offerings*

Rule 5141 – *Sale of Securities in a Fixed Price Offering*

Rule 5230 – *Payments Involving Publications that Influence Market Price of a Security*

Rule 5280 – *Trading Ahead of Research Reports*

NYSE Rules:

Rule 344 – *Supervisory Analyst*

Interpretation of Rule 344

Rule 345A – *Continuing Education for Registered Persons*

Rule 435(5) – *Miscellaneous Prohibitions-Circulation of Rumors*

Rule 472 – *Communications with the Public*

NASD Rules:

Rule 1050 – *Registration of Research Analysts*

Notice to Members 03-38 – *Advertising Modernization*

Notice to Members 02-39 – *Rules Governing Research Analyst Conflicts of Interests*

Notice to Members 03-44 – *Research Analysts and Research Reports*

Securities Act of 1933:

Section 5(b)(1)(2) – *Prospectus Requirements*--delivery of prospectus for new issues

Section 11 – *Civil Liabilities on Account of False Registration Statement*

Section 12 – *Civil liabilities arising in connection with prospectuses and communication*

Section 15 – *Liabilities of controlling persons*

Section 17 – *Fraudulent Interstate Transactions*

Rule 134 – *Communications not Deemed a Prospectus*--items of information that may be included in the communication

Rule 134a – *Options Material not Deemed a Prospectus*--information that may be included in the communication

Rule 135 - *Notice of Certain Proposed Offerings*--purpose and permissible contents of tombstone advertisements

Rule 137 - *Definition of "Offers," "Participates," or "Participation" in Section 2(11) in Relation to Certain Publications by Persons Independent of Participants in a Distribution*

Rule 138 - *Definition of "Offer for Sale" and "Offer to Sell" in Sections 2(10) and 5(c) in Relation to Certain Publications*

Rule 139 - *Definition of "Offer for Sale" and "Offer to Sell" in Section 2(10) and 5(c) in Relation to Certain Publications*

Rule 144 – *Persons Deemed Not to Be Engaged in a Distribution and Therefore Not Underwriter*

Rule 144A - *Private Resales of Securities to Institutions*--purpose and general characteristics of regulation

Rule 174 – *Delivery of Prospectus by Dealers; Exemptions Under Section 4(3) of the Act*

Regulation A - *Conditional Small Issues Exemption*

Regulation S – *Rules governing offers and sales made outside the U.S. without registration under the Act of 1933*

Regulation D - *Rules governing the limited offer and sale of securities without registration under the Securities Act of 1933*

Securities Exchange Act of 1934:

Section 9(a)(5) - *Dissemination of Information for Consideration- Market Manipulation*

Section 15D – *Securities Analysts and Research Reports*

Rule 10b-1 - *Prohibition of Use of Manipulative or Deceptive Devices or Contrivances with Respect to Certain Securities Exempted from Registration*

Rule 10b-3 - *Employment of Manipulative and Deceptive Devices (by brokers or dealers)*

Rule 10b-5 - *Employment of Manipulative and Deceptive Devices (by persons)*

Rule 17a-4 - *Records to Be Preserved by Certain Exchange Members, Brokers and Dealers*

Regulation AC - *Analyst Certification*

Regulation G - *Non-GAAP Disclosures*

Regulation M:

Rule 101(b)(1) - *Activities by Distribution Participant: Research*

Rule 101(c)(1) - *Activities by Distribution Participant: Excepted Securities*

Regulation FD - *Selective Disclosure and Insider Trading (Fair Disclosure)*